

MEMORANDUM

TO: Commissioners McCarty, Hadley, Landis, Ripley and Ziegner
FROM: Jerry L. Webb, Director of Gas/Water/Sewer Division
DATE: December 9, 2004
RE: Utility Articles for Next Conference

The following Final Articles A, C, D and Preliminary Article A are submitted to each of you to acquaint you with the tariffs eligible for action or acceptance on or after December 15, 2004.

“A” Final

The following miscellaneous item will be eligible for final consideration at the next Commission Conference and based on a review of it by staff members of the Commission, I recommend approval.

1. PSI Energy

The Utility has filed for approval of a change in its Standard Contract Rider No. 63, Emission Allowance Adjustment, in accordance with the Commission Order in Cause No. 42359, dated May 18, 2004. This order reaffirmed PSI's authorization to recover SO₂ and NO_x emission allowance costs via the Standard Contract Rider No. 63.

The proposed emission allowance charge factor is \$0.001127 per kilowatt-hour and is applicable to all retail electric rate schedules. The proposed factor will be in effect for the months of [January, February, and March 2005](#). This factor includes the emission allowance cost variance of \$636,807 from [June 2004](#) through [August 2004](#).

The tariff sheet affected by this filing is:

Sheet No. 63.

"C" Finals

In order to maintain parity and be in compliance with the Commission's Final Order in Cause No. 39369 issued June 2, 1993, the following local exchange carrier has filed intrastate access parity tariffs mirroring its respective interstate equivalent. The requirements prescribed for this filing in Commission Order No. 39369 have been carried out and I recommend approval.

Federal Communications Commission

<u>Item</u>	<u>Local Exchange Carrier</u>	<u>Transmittal Number</u>	<u>File Date</u>	<u>Effective Date</u>
1.	IBT d/b/a SBC Indiana	1422	11-12-04	11-27-04
2.	IBT d/b/a SBC Indiana	1423	11-16-04	11-17-04

“D” Final

A revision to the purchased power cost tracker for electric utilities has been reviewed by staff members of the Commission and found to be in compliance with the orders of the Commission. The requirements prescribed for these filings in Commission Order No. 34614 have been met and I recommend approval.

<u>Item</u>	<u>Utility</u>	<u>Purchased Power Cost Tracker (\$/kWh)</u>	<u>Change (\$/kWh)</u>	<u>Filing No.</u>
1.	Marshall Cnty	0.010741	0.000203	041215D
2.	Northeastern (other than EDR)	0.010853	(0.000004)	041215D1
3.	Northeastern (EDR)	0.006943	0.000149	041215D2
4.	Harrison REMC	0.003559	0.001753	041215D3

The change in Marshall and Northeastern's rates is due a change in Wabash Valley Power Association's rates. The change in Harrison's rates is due to a change in Hoosier Energy's charges to Harrison.

Please indicate your consideration and action of all the preceding items on the appropriate lines provided below.

Jerry L. Webb
Director of Gas/Water/Sewer Division

I approve of all items as presented above:

I approve of all items as presented above except:

Not participating in the following items:

I, _____, Disapprove Items

No.

I, _____, Wish to Defer Items

No.

I hereby certify that the above is a true and correct copy of the action on the articles.

Nancy E. Manley, Executive Secretary

"A" Preliminary

The following new miscellaneous items have been reviewed by staff members of the Commission and we recommend accepting them for filing.

1. Citizens Gas & Coke Utility

In compliance with the Stipulation and Settlement Agreements in Cause Nos. 41605 and 42590 ("Settlement Agreements"), the Utility has proposed a change to the Customer Benefit Distribution/Universal Service Program ("CBD/USP") tracker to be effective January 1, 2005.

The purpose of the CBD/USP is (1) to provide as a benefit to the Utility's gas customers available funds from its unregulated businesses and affiliates or subsidiaries, (2) provide a means for Citizens to recover certain FAS106 and FAS71 costs incurred by Citizens and agreed to by the Parties in the Settlement Agreement, and (3) to fund the Universal Service Program.

The proposed net CBD/USP factors, based upon expected calendar year 2005 throughput to gas customers is \$0.000 per dekatherm for Gas Rates D1, D2, D3, D4, D6, and D7, and \$(0.020) per dekatherm for Gas Rates D5 and D8. The calculation of the CBD/USP has been provided.

(A) <u>Gas Rate</u>	(B) <u>Current CBD*</u>	(C) <u>Proposed CBD</u>	(D) <u>Proposed USP</u>	(E) <u>NET (C+D)</u>
D1, D2, D3, D4, D6, D7	\$(0.043)/Dth	\$(0.0250)/Dth	\$0.0250/Dth	\$0.0000/Dth
D5, D8	\$(0.043)/Dth	\$(0.0250)/Dth	\$0.0050/Dth	\$(0.0200)/Dth

*This figure is the current net since no USP tracker is currently in place

The tariff sheet affected by this filing is:

Second Revised Page No. 503 Customer Benefit Distribution/Universal Service Program

2. Indiana Michigan Power Company, d/b/a American Electric Power

The Utility has submitted for Commission review a request for approval of fiscal Year 5, third quarter, net merger savings reduction rider factors pursuant to the Commission's April 26, 1999 Order in Cause No. 41210 relating to the merger of American Electric Power Company, Inc. and Central and South West Corporation (Order). These factors reflect the fiscal Year 5 required rate reduction adjusted for the fiscal Year 4 reconciliation of actual versus projected kWh sales.

The Settlement Agreement in Cause No. 41210 specified that the annual bill reduction amounts would be allocated to rate classes based upon total revenues, excluding fuel cost adjustment, and credited to customers' bills through the application of a per kilowatt-hour (kWh) factor specific to each rate class. The Agreement also stated that each individual year's bill reduction

would apply for a twelve-month period except for an adjustment during each third quarter to reconcile actual kWh sales and projected kWh sales for the prior year.

As also described in AEP's testimony in Cause No. 41210, prior to the beginning of each fiscal year following consummation of the merger, AEP will make a 30-day filing to establish the net merger savings reduction rider factors to effect that fiscal year's customer bill reduction. Prior to the third quarter of each fiscal year (except the first fiscal year), a 30-day filing will be made to establish the adjustment to the riders, to reconcile actual kWh sales and projected kWh sales for the prior fiscal year. The adjusted rider factors will be in effect for the seventh through the ninth billing months of each fiscal year (except the first fiscal year) after which the factors will return to the unadjusted levels. The Company will also make a separate 30-day filing prior to the conclusion of the third quarter reconciliation period, that returns factors to the current fiscal year unadjusted levels following the reconciliation period. This process will be repeated annually through the reconciliation of the eighth fiscal year. The last reconciled reduction will continue to apply in years following the end of the eighth fiscal year until AEP's Indiana base rates are changed.

Attachment A to the Utility's filing provided the calculations of the proposed AEP/CSW net merger savings reduction rider factors.

The tariff sheets affected by this filing for the third quarter of fiscal Year 5 are:

Fourteenth Revised Sheet No. 19
Fourteenth Revised Sheet No. 19.1
Thirteenth Revised Sheet No. 21
Fourteenth Revised Sheet No. 22
Fourteenth Revised Sheet No. 23
Fourteenth Revised Sheet No. 23.1
Eighth Revised Sheet No. 31

3. Marshall County Rural Electric Membership Corporation

The utility has filed for approval of a new tariff, Schedule DG, Distributed Generation Rider. This rider will be available to customers served under the Residential and Farm Service Rate who have installed qualified distribution generation of 25kW or less and whose generator is interconnected with Marshall County REMC's distribution system. The utility has initiated this tariff at the request of a customer who has a wind generator and would like to sell any excess power back to Marshall County REMC.

The utility developed the tariff using the present rates for usage that residential customers pay; and by using the customer charge applicable to these customers and adding a monthly metering cost of \$4.17 per month to arrive at the consumer charge shown below. If a customer's distributed generation unit provides electricity to Marshall County in any month, the customer will receive a credit. These credits are based upon the avoided cost rates of the Wabash Valley Power Association (power supplier to Marshall County), which are on file at the Commission. The monthly rates are as follows:

Consumer Charge: \$21.75
Net Energy Charge
First 1,000 kWh: \$0.076 per kWh

Over 1,000 kWh: \$0.055 per kWh
Credit Given to Consumer
For average on-peak kW supplied: \$2.391 per kW
For energy supplied: \$0.02850 per kWh

Marshall County REMC provided cost support for the tariff. The tariff contains language covering safety-related requirements.

The tariff sheets affected by this filing are:

Schedule DG (3 pages).

Jerry L. Webb
Director of Gas/Water/Sewer Division